



**Preston**  
*Rowe*  
**Paterson**

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National Property Consultants

# TRANSACTIONS IN REVIEW

## About This Report

Preston Rowe Paterson prepare standard research reports covering the main markets within which we operate in each of our capital cities and major regional locations.

The markets covered in this research report include the commercial office market, industrial market, retail market, hotel and leisure market, residential market and significant property fund activities.

We regularly undertake valuations of commercial, retail, industrial, hotel and leisure, residential and special purpose properties for many varied reasons, as set out later herein.

We also provide property management services, asset and facilities management services for commercial, retail, industrial property as well as plant and machinery valuation.

## AUGUST 2014

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## Sales

### Commercial

#### 321 Exhibition Street, Melbourne, VIC 3000

Invesco has purchased Cromwell Property Group's 321 Exhibition Street for **\$208 million**. The sale price of the A-grade building was a **9.4% premium** to the building's most recent independent valuation, and it also represented an **investment yield of under 7%**. Situated on the northern gateway of the Melbourne CBD, the 22 level tower comprises 30,0198 sqm of net lettable area over 18 upper levels, ground and lower ground, with a single level of basement car parking. It also boasts a small retail component on the ground floor totalling 391 sqm. The property, which is occupied entirely by Origin Energy on a 10 year lease, underwent an extensive refurbishment in 2011 which brought the building a state of the art gas fired tri-generation plant and a 5.5 star Green Star rating.



[AFR 01/08/2014]

#### 13-21 Bedford Street, North Melbourne, VIC 3000

A 2,219 sqm office building in North Melbourne has sold for a record price of **\$13.2 million** to an offshore Chinese investor. The sale price of the property reflected approximately **\$5,949 per sqm**. The price was 32% more than the reserve set by the vendor. The building is currently 52% leased to 6 tenants. At the auction there were 11 expressions of interest with the top 3 buyers all based offshore. Bedford Street is located approximately 2.1 km north west of the CBD.

[AFR 07/08/2014]

#### 63 Sturt Street, Townsville City, QLD 4810

Sydney based fund manager STRADA Group had paid **around \$10 million** to The Industry Superannuation Property Trust (ISPT) for its Suncorp Tower in Townsville. The sale price was a **40% discount** to the **\$16.4 million** price ISPT paid for the property 7 years ago. The 13 storey high rise building is the tallest tower in the city and is currently occupied by Suncorp. The directors of STRADA believe Townsville's office market has strong growth prospects and the area has been a target market for the company for a number of years. No further details were released.

[AFR 21/08/2014]



#### 22 William Street, Melbourne, VIC 3000

A Melbourne investor has sold Swann House in Melbourne's CBD. A Melbourne based Chinese group purchased the property for **\$22.6 million** displaying a **rate per sqm of approximately \$3,229**. The 7,000 sqm 10 storey building with

Greek revival detailing comprises 14 commercial strata lots and is currently 90% leased, reflecting a net **rental income of \$1.33 million or \$1.46 million on a fully let basis**. [AFR 21/08/2014]

### Industrial

#### 100 Elliott Street, Balmain, NSW 2041

Toga Group has paid **\$58 million** for a waterfront industrial site in Sydney's inner north west. The site measures 12,375 sqm and runs along the banks of the Parramatta River. Toga Group purchased the site with development approval for 121 apartments; this reflects a **rate per proposed apartment of \$479,339** and a rate of **\$4,687 per sqm**.

[AFR 14/08/2014]



#### 50 Airds Road, Minto, NSW 2566

Property investment and management company Propertylink has purchased an **7,606 sqm** industrial property in Sydney's south west for **\$21.6 million** reflecting a **yield of 9.5%**. The property is currently leased to three tenants with an overall weighted **lease expiry of 3.5 years**. Minto is located 55 km south west of Sydney's CBD.

[AFR 14/08/2014]

#### Industrial Site, Western Sydney, NSW

Listed property group Payce Consolidated have purchased a 14 ha industrial site in Sydney's west for **\$95 million**. The residential property group have not disclosed the vendor or the exact location of the property; however industry sources are suggesting that the group may have purchased the Reckitt Benckiser site on Wharf Road, Melrose Park but the speculations are yet to be confirmed. The sale displays a **rate per sqm of approximately \$679**.

[AFR 19/08/2014]

### Retail

#### Brisbane Road, Booval, QLD 4304

King of the retail market Gerry Harvey has paid **\$10.8 million** for a Bunnings Warehouse in Ipswich, Queensland. This 8,600 sqm warehouse within the Booval Homemaker Centre, located just outside the Ipswich CBD will be vacated by Bunnings in October next year. Until Bunnings Warehouse lease commences Mr. Harvey will fill the space with a Harvey Norman store. The sale displays a **rate per sqm of approximately \$1,256**.

[AFR 01/08/2014]

#### 210 Howick Street, Bathurst, NSW 2795

Colonial First State Global Asset Management's Property Enhanced Retail Fund (CERF) has snapped up the Bathurst City Centre in NSW. CERF paid **\$62.6 million** for the single level 12,241 sqm neighbourhood centre which reflects a **yield of 7.75%** and **approximately \$5,114 per sqm**. The centre is anchored by a strong trading Woolworths supermarket, Best & Less and 38 speciality stores.

[AFR 08/08/2014]

#### 473 Beach Road, Duncraig, WA 6023

Australasian Property Investment Limited (APIL) has purchased a neighbourhood shopping centre for **\$24.25 million** in Perth's northern suburbs. The 3,052 sqm centre is located in the heart of the northern suburbs of Perth and is APIL's 19<sup>th</sup> trust, bringing the total value of assets to more than \$600 million. The sale of the Carine Clades Shopping Centre reflects **approximately \$7,946 per sqm and an initial yield of about 8.2%**. Duncraig is situated around 18 km north west of the CBD.

[AFR 21/08/2014]

## Residential

### 1336 Gold Coast Highway, Palm Beach QLD 4221



Sunland Group has snapped up a 4.7 ha urban renewal site on the Gold Coast in response to the demand for residential projects stretching north along the east coast. The developer paid **\$18.4 million** in an unconditional deal for the Palm Beach site displaying a **rate per sqm of approximately \$391**. The site is earmarked for a residential community with 162 luxury mid-rise apart-

ments over 9 storeys and 86 attached dwellings. This displays a rate per proposed apartment/dwelling of approximately \$74,194. The property is occupied by the Pyrke family's Palm Beach Mobile and Tourist Park which is set to close its doors in early August to make way for development. The project marks a growing interest in high density construction for Sunland, with a particular focus on the mid rise sector. It will mostly target owner-occupiers the town homes will be priced around \$600,000 and the apartments around \$500,000. [AFR 01/08/2014]

### 52-54 O'Dea Avenue, Woollahra, NSW 2025

Major Chinese developer JQZ has re-entered into the Sydney property market with the purchase of its second site in South Sydney. The company has purchased the former Woollahra Council depot in Waterloo for **\$50 million**. Located walking distance of Green Square railway station, Moore Park and 4.5 km south east from the Sydney CBD, the 1.4 hectare holding is zoned mixed use for up to 20 storeys. No further details were released. [AFR 05/08/2014]



### 130 Stirling Highway, North Fremantle, WA 6159

The former Matilda Bay Brewery site in North Fremantle has been purchased by a Chinese developer who paid an astounding **\$36 million** for the 2.9 hectare site. The site which was a Ford factory prior to its conversion into a Brewery is situated in North Fremantle, a light industrial area

which is believed to be transforming into a residential suburb. The 2.9 hectares which has been called a "premium site" could take between 350 and 400 apartments, retail and commercial property subject to council approval and design guidelines. 130 Stirling Highway is located just 350 metres from Leighton Beach, 400 metres from the Swan River and 15.5 km south west of Perth's CBD. [AFR 07/08/2014]

### 15-27 Wreckyn Street, North Melbourne, VIC 3051

Malaysian developer Mammoth has purchased its third development site in Melbourne for **\$12.3 million**. The 2,271 sqm site in North Melbourne is Mammoth's first development site outside the CBD. The property sold well above expectations of between \$8 million and \$10 million. The sale reflects a **rate per sqm of approximately \$5,416**. North Melbourne is situated approximately 2.6 km north west of the CBD. [AFR 12/08/2014]

### 5-13 Rosebery Avenue & 25-55 Rothschild Avenue, Rosebery, NSW 2018

Meriton Group has snapped up a site in Sydney that will be developed into an **\$800 million-plus** apartment project. The sale is said to be Meriton's biggest and most ambitious purchase to date leaving Meriton with the most apartments in its pipeline (more than 14,000 units) in history. The site is zoned residential with a gross floor area of 90,000 sqm, reflecting approximately **\$8,889 per sqm**. Rosebery is located around 8 km south east of the CBD [AFR 14/08/2014]

### 657-661 Victoria Road, Parramatta, NSW 2150

Parramatta Council has sold a 4.85 ha development site to Chinese property group Aqualand for more than **\$20 million**. The site has been rezoned allowing for mixed use development and up to 97,000 sqm of residential apartments, which could yield up to 1,200 units. The sale of the site, which is located 17 km north west of the CBD, reflects approximately **\$412 per sqm**. The site sits on the northern bank of the Parramatta River offering waterfront views, as well as excellent access to the greater Sydney community by road, rail or ferry. [AFR 14/08/2014]

### 229 Dandenong Road, Windsor, VIC 2756



A block of strata units in inner Melbourne has sold for **\$6.31 million** on a **gross yield of 4.7%**. The block comprises 15 two bedroom apartments ranging in size from 69.5 sqm to 76.6 sqm which are currently rented for an average of \$380 per week. No further details were released. [AFR 14/08/2014]

### 215 Cooper Street, Epping, 3076

A 46 ha former landfill site in Epping has been purchased by Melbourne developer Remedi. The developer paid a price that is believed to be somewhere **between \$7 million and \$10 million** for the site. The sale included plans for a mixed use precinct. Epping is located approximately 37 km north west of Melbourne's CBD. [AFR 21/08/2014]

## Specialised Properties

### 341 Hope Island Road, Hope Island QLD 4212

A Gold Coast private investor had purchased a 7-Eleven petrol station and convenience centre for **\$6.77 million**. The purpose built property sits on a 5,055 sqm site and is anchored by 7-Eleven and Subway, Thirsty Camel and Swimart. It brings an **annual income of \$502,535 on a 7.42% yield**. [AFR 21/08/2014]

## Hotels

### 560 Hay Street, Perth, WA 6000

Singapore Investment Company, Sunland Australasia Properties has purchased Perth's the **Criterion Hotel** for **\$16.5 million**. The 3.5 star hotel comprises 69 guest rooms, a restaurant, bar, bottle shop and conference facilities and was formerly the Regatta Hotel Complex. The sale displays a **rate per guest room of approximately \$239,130**. No further details were released. [AFR 12/08/2014]







## Leasing

### Commercial

#### 90 Collins Street, Melbourne, VIC 3000

Family owned broker Whitbread Insurance have secured a 1,500 sqm office facility in the eastern end of Melbourne's CBD. The group will move into the Mirvac owned tower at 90 Collins Street for an initial term of 10 years, paying around **\$450 per sqm**. The lease is for a suite occupying the entire of level 5 and part of level 6 out of the 22 storey building.

[AFR 05/08/2014]

#### Level 14, 189 Kent Street, Sydney, NSW 2000

Fuel and lubricant services firm Petrofin International will move its headquarters to a larger B-grade office in the Sydney CBD. Petrofin has agreed to a **7 year lease** with an initial **gross annual rental of \$485 per sqm**.

[AFR 05/08/2014]



#### Tower C, 300 Elizabeth Street, Sydney, NSW 2000

Online Education firm Open Colleges have signed an **8 year lease** at Centennial Plaza in Sydney's CBD. The company negotiated an 8 year lease for 5,200 sqm over 4 levels. It has been estimated that Open Colleges will pay a **gross rent between early to mid-\$600 per sqm** bracket, excluding any market incentives.

[AFR 19/08/2014]

#### Level 10, 1 Market Street, Sydney, NSW 2000

Law firm Madison Marcus will be moving offices to a 1,087 sqm suite located at Level 10, 1 Market Street, Sydney. The company will pay an annual rent of **\$735 per sqm** over a **5 year term** for the fully fitted out space. No further details were released.

[AFR19/08/2014]

#### 423 Pennant Hills Road, Pennant Hills NSW 2120

The NSW Government had leased a **1,400 sqm** office from CorVal for **6 years** with an **annual rent of \$441,000**. This was a relocation move from the current office at the Cambridge office park in Epping. The lease is a single floor of the six storey office building which is located close to the train station.

[AFR 26/08/2014]

### Industrial

#### 2/429-431 Victoria Street, Wetherill Park, NSW 2164

A Noble and Sons, a manufacturer of winches, hoists and other lifting materials has leased a 1,792 sqm warehouse in Wetherill Park in Sydney's west. The company has leased the warehouse for **5 years with a 3 year option** to extend paying an **annual rent of \$113 per sqm**. Wetherill Park is situated approximately 33 km north west of the CBD.

[AFR 05/08/2014]



#### Unit 7/25 Frenchs Forest Road, Frenchs Forest, NSW 2086

NDC Automation has leased an office and warehouse unit in Sydney from LIF Pty Ltd. The 1,706 sqm office and warehouse feature a fitted out office space and a clear span warehouse with dual roller shutters. NDC will pay an **annual gross rental of \$379,000 for 5 years**, reflecting a rate of approximately **\$222 per sqm**. Frenchs Forest is located 18.5 km north east of the CBD.

[AFR 19/08/2014]

#### 1/511 Victoria Street, Wetherill Park, NSW

Futsal Institute has secured an industrial facility in Sydney's west. The 3,300 sqm site features concrete panel walls and metal deck roofing as well as a high clearance warehouse. Futsal has committed to a **5 year lease with the option to extend**, paying an **annual gross rental of \$107 per sqm**. Wetherill Park is situated around 33.5 km north west of Sydney's CBD.

[AFR 19/08/2014]

#### 2/17 Stanton Road, Seven Hills NSW 2147

Security service provider Assa Abloy Entrance Systems Australia had signed a **3 year lease for a 1,805 sqm** office-warehouse for **\$207,575 per annum**. The property is a part of a multi-unit estate and features clear-span, high clearance warehouse and a two level office space at the front of the unit. The property is located within 3km of the M2/M7 motorway.

[AFR 26/08/2014]



#### 280 Cullen Avenue, Eagle Farm QLD 4009

Socap Pty Ltd had leased a **1,680 sqm** warehouse to global pip supplier LFF Australia. LFF signed a **5 year term with options to extend** on an annual rent of approximately **\$140 to \$150 per sqm**.

[The Australian 26/08/2014]



## Property Funds

**Goodman Group** had experienced a **10% growth to \$601 million operating profit** in the full year ended to June 2014. Earnings per security had also increased to 7%. The group forecasts a distribution of 22.2c per security in 2015.  
[ASX 14/08/2014]

**DEXUS Property Group** revealed a 4.3% growth in distribution per security for year end June 2014. The group had achieved a **7.6% growth to \$410.6 million** of FFO, 8.34c per security.  
[ASX 14/08/2014]

**Stockland** had experienced **\$555 million underlying profit on house price gains** at 12.2% for the full year to June 2014. The residential division earnings grew by 35% to \$244 million. Retail, industrial and retirement assets had also grew.  
[ASX 18/08/2014]

**Ardent Leisure** had reported a **11.3% increase in revenue to \$449.7 million** as well as a 15.7% increase in core earnings of \$58.2 million in the past financial year, including July 2014. Investors had helped **raise share capital by 4%** in growth expectations for the theme park and health club owner.  
[ASX 18/08/2014]

**Growthpoint Properties Australia** had delivered earnings of 20c per security and 3.8% growth in distribution to 19c. The trust **forecasts to grow full year distributions by 3.7%** in 2015 to deliver 19.7c.  
[ASX 18/08/2014]

**Charter Hall Retail REIT** had realised a **30% growth in operational earnings of \$105.3 million**. The Australian portfolio has a value of \$2 billion, showing an occupancy rate of 98.5%. The REIT forecasts a 7% growth on earnings from the Australian portfolio in the 2015 financial year.  
[ASX 20/08/2014]

**Investa Property Fund** has reported a **6% rise to \$162.6 million in operations** despite the high commercial vacancy rates in Australia CBDs. The raise in revenue was due to \$454 million worth of acquisitions and lowered cost of debt. Investa's FFO is expected to rise 3% for financial year 2015 to 27.3% subject to conditions.  
[ASX 29/08/2014]

**Aveo**, Australia's largest pure retirement village operation, had revealed an **underlying profit after tax and distribution of \$42.1 million**, a 7.4% growth. The group is aiming for 15-20% growth in underlying profit after tax in 2015.  
[ASX 20/08/2014]

**Mirvac** had recorded a **15% rise in operating profits to \$437.8 million** and a 9% growth in earnings per security. They had achieved a 10.5% development return on capital in 2014 financial year and forecasts to participate more in residential and commercial development.  
[ASX 21/08/2014]

Childcare property trust **Arena REIT** had experienced a massive growth of 159% to **\$44.6 million** in full year to June 2014. The earnings growth were largely due to acquisition of medical and childcare properties as well as defining the portfolio mix. The REIT is expecting to acquire high yield assets and dispose of smaller and older assets with low yield.  
[ASX 25/08/2014]

Despite a total operating profit before tax growth of 32.2% to \$14.7 million, **Aspen Group** had revealed a **net loss of \$81.8 million** for 2014 financial year. The Aspen had underwritten the caravan park fund, **Aspen Parks Fund**, announcing an entitlement offer to **raise a minimum of \$39.9 million**.  
[ASX 25/08/2014]

**Lend Lease** reported a **50% increase in profit after tax** for the 2014 financial year of **\$822.9 million**. The large growth is attributed to the sale of a retail centre in London, Bluewater Shopping Centre, which generated \$485 million profit after tax. The group has an estimated development pipeline worth an overall value of \$37.7 billion which is expected to provide earnings for the next few years.  
[ASX 27/08/2014]

**Charter Hall** had revealed a **50% increase** in statutory profit after tax of **\$82.1 million** in the full year to June 2014. The fund manager has a \$1.2 billion development pipeline which includes projects in Bourke Street in Melbourne and George Street in Sydney. In 2014 financial year, earnings per security increased by 10.4% to 22.3c. The fund manager expects to realise growth in operation earnings at the lower end of 5% to 7% range in 2015.  
[ASX 27/08/2014]

## Our Research

At Preston Rowe Paterson, we pride ourselves on the research which we prepare in the market sectors within which we operate. These include Commercial, Retail, Industrial, Hotel & Leisure and Residential property markets as well as infrastructure, capital and plant and machinery markets

## We have *property* covered

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## We have all *real estate* types covered

We regularly provide valuation, property and asset management, consultancy and leasing services for all types of Real Estate including:

- CBD and Metropolitan commercial office buildings
- Retail shopping centres and shops
- Industrial, office/warehouses and factories
- Business parks
- Hotels (accommodation) and resorts
- Hotels (pubs), motels and caravan parks
- Residential development projects
- Residential dwellings (individual houses and apartments/units)
- Rural properties
- Special purpose properties such as: nursing homes; private hospitals, service stations, oil terminals and refineries, theatre complexes; etc.
- Infrastructure

## We have all types of *plant & machinery* covered

We regularly undertake valuations of all forms of plant, machinery, furniture, fittings and equipment including:

- Mining & earth moving equipment/road plant
- Office fit outs, equipment & furniture
- Agricultural machinery & equipment
- Heavy, light commercial & passenger vehicles
- Industrial manufacturing equipment
- Wineries and processing plants
- Special purpose plant, machinery & equipment
- Extractive industries, land fills and resource based enterprises
- Hotel furniture, fittings & equipment

## We have all *client profiles* covered

Preston Rowe Paterson acts for an array of clients with all types of real estate, plant, machinery and equipment interests such as:

- Accountants
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- Hotel owners and operators
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- Listed Property Trusts
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- Mining companies
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- Overseas clients
- Private investors
- Property Syndication Managers
- Rural landholders
- Self managed super funds
- Solicitors and barristers
- Sovereign wealth funds
- Stock brokers
- Trustee and Custodial companies



## **We have all *locations* covered**

From our capital city and regional office locations we serve our client's needs throughout Australia. Globally, we operate directly or via our relationship offices for special purpose real estate asset classes, infrastructure and plant & machinery.

## **We have your *needs* covered**

Our clients seek our property (real estate, infrastructure, plant and machinery) services for a multitude of reasons including:

- Acquisitions & Disposals
- Alternative use & highest and best use analysis
- Asset Management
- Asset Valuations for financial reporting to meet ASIC, AASB, IFRS & IVSC guidelines
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- Sensitivity analysis
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